

Interim Consolidated Statement of Source
and Use of Funds—Expressed in thousands

6 months ended June 30		
Source of Funds	1971	1970
Funds derived from operations.....	\$ 6,113	\$ 5,281
Investments realized.....	1,272	21
	<u>\$ 7,385</u>	<u>\$ 5,302</u>
Use of Funds		
Dividends paid.....	\$ 1,860	\$ 1,860
Additions to fixed assets, net.....	2,285	1,955
Investments acquired.....	57	126
Long term debt repaid or currently payable.....	1,127	1,008
Acquisitions of subsidiaries and publications.....	470	—
Other minor items.....	(31)	(39)
	<u>\$ 5,768</u>	<u>\$ 4,910</u>
Increase in working capital.....	<u>\$ 1,617</u>	<u>\$ 392</u>

SOUTHAM PRESS LIMITED

Daily Newspapers

The Spectator, Hamilton
The Ottawa Citizen
The Calgary Herald
The Edmonton Journal
The Winnipeg Tribune
The Province, * Vancouver
(*Published for Pacific Press Limited)
The Medicine Hat News
The North Bay Nugget
The Gazette, Montreal
The Owen Sound Sun-Times
The Citizen, Prince George

Business Newspapers

Financial Times of Canada, Montreal
Journal of Commerce, Vancouver

Trade Publications and Shows

Souham Business Publications Limited,
Don Mills, Ontario
National Business Publications Limited,
Gardenvale, P.Q.
Southex (1970) Limited, Toronto

Printing

Souham Murray, Weston, Ontario
Southern Specialty Printing, Candiac, P.Q.
Southern Business Forms, Candiac, P.Q.
Gazette Printing Company (Limited), Montreal
Southern Nicholson, Vancouver

SOUTHAM PRESS LIMITED

Interim
report

6

months
ended
June 30, 1971

AR21



To THE SHAREHOLDERS,
SOUTHAM PRESS LIMITED.

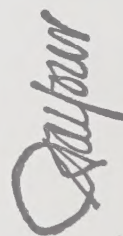
We submit for your information an unaudited statement of the company's income for the three months ended June 30 together with a statement of income and of source and use of funds for the first six months of 1971.

The improvement in the tone of business which commenced in March strengthened moderately in the second quarter. This improvement is expected to continue in the second half of the year. Our share of the income of companies 50% owned increased substantially, reflecting the operations of Pacific Press which was shut down from mid-February to mid-May, 1970 by a labour dispute.

Southam Press has bought, or agreed to buy, Farwest Lithograph Limited of Vancouver and Canprint Holdings Limited of Montreal and Toronto. Both are commercial printing companies. An agreement to buy Secombe House Limited, a Toronto based trade publishing firm has also been reached. The aggregate cash consideration for these acquisitions is \$5,075,000 although in the case of Canprint and Secombe the arrangements will not be closed until the third quarter.

The regular quarterly dividend of thirty cents per share has been declared payable September 28 to shareholders of record September 14.

Yours sincerely,



TORONTO, CANADA.

July 23, 1971.

President.

Interim Consolidated Statement of Income (not audited)

Expressed in thousands except per share amounts

3 months
ended
June 30

	1971	% Change	1970*
Revenue from operations:			
Newspapers.....	\$19,425		\$18,181
Printing.....	8,498		7,864
Trade publications and shows....	3,031		2,681
	<u>30,954</u>	+ 7.8	<u>28,726</u>
Costs and operating expenses.....	25,409		23,821
Depreciation.....	668		708
Interest on borrowed funds.....	102		76
	<u>26,179</u>	+ 6.4	<u>24,605</u>
	4,775	+15.9	4,121
Equity in net earnings of companies 50% owned.....	560		(104)
Income from other investments.....	173		222
	<u>5,508</u>	+29.9	<u>4,239</u>
	2,608	+18.9	2,193
	<u>2,900</u>	+41.7	<u>2,046</u>
Income taxes (estimated).....	\$.94		\$.66
Net income—per share.....	\$.930		\$.930
Dividends paid.....	\$.30		\$.30
Dividends paid—per share.....			

6 months
ended
June 30

	1971	% Change	1970*
Revenue from operations:			
Newspapers.....	\$36,031		\$34,235
Printing.....	15,869		15,673
Trade publications and shows....	5,840		5,231
	<u>57,740</u>	+ 4.7	<u>55,139</u>
Costs and operating expenses.....	48,854		46,567
Depreciation.....	1,369		1,388
Interest on borrowed funds.....	207		181
	<u>50,430</u>	+ 4.8	<u>48,136</u>
	7,310	+ 4.4	7,003
Equity in net earnings of companies 50% owned.....	955		18
Income from other investments.....	321		340
	<u>8,586</u>	+16.6	<u>7,361</u>
	3,968	+ 6.2	3,735
	<u>12,554</u>	+27.4	<u>11,096</u>
Income taxes (estimated).....	\$ 4,618		\$ 3,626
Net income—per share.....	\$ 1.49		\$ 1.17
Dividends paid.....	\$ 1,860		\$ 1,860
Dividends paid—per share.....	\$.60		\$.60

*For comparative purposes, the results for 1970 have been restated to show the change in depreciation, which is now being written on a straight line basis.